FOREWORD

The Council of State Governments is pleased to issue a report on state revenues as part of its Comparative Data Report series. This series is designed to deliver information to legislators and other government officials in a timely and succinct manner in order to enhance the decision making process at the state level.

The data contained in this report includes the most recent information available on tax revenues and rates, state and local tax collections, state revenues and expenditures, and the five-year trend in state and local revenues for the period 1977 through 1981. It is presented in both a narrative and tabular format with special regional maps which graphically illustrate the information.

This document was prepared by the staff of the Council's Finance and Taxation Program with the cooperation and assistance of state and federal agencies. The role of the U.S. Bureau of the Census, along with state revenue officials, was particularly noteworthy, and very much appreciated.

Frank H. Bailey
Executive Director
Council of State Governments

COMPARATIVE DATA REPORT ON REVENUES IN THE MIDWESTERN REGION

Introduction

This report examines state and local revenues in the midwestern states listed below from 1977 through 1982, in order to provide information for decision-making. With over 42 states taking action in the past two years to increase taxes or reduce spending by cutting the budget or reducing the size of the state work force, forecasting the level of revenue is critical. The information contained in this report is based primarily on various publications of the Department of Commerce. Per capita figures and revenues per $1,000 of personal income are detailed in selected categories. Populations and personal incomes vary substantially across midwestern states --Illinois for example has 11.4 million people and North Dakota only .7 million.

States	Population 4/80 (thousands)	Personal Income in CY 1981	
		Amount (millions of dollars)	Per Capita (dollars)
Illinois	11,427	132,675	11,576
Ohio	10,798	111,179	10,313
Michigan	9,262	99,314	10,790
Indiana	5,490	53,147	9,720
Missouri	4,917	47,682	9,651
Wisconsin	4,706	47,579	10,035
Minnesota	4,076	44,087	10,768
Iowa	2,914	30,362	10,474
Kansas	2,364	25,762	10,813
Nebraska	1,570	16,346	10,366
South Dakota	691	6,056	8,833
North Dakota	653	6,725	10,213

One characteristic which all the midwestern region states have in common is an increase in state government tax revenue from 1981 to 1982.

Tax Revenues and Rates in 1982

Some states have increased sales taxes, cigarette taxes, or motor fuel taxes in recent years. Since 1980, five of the 12 midwestern states have increased the general sales tax, seven have increased the cigarette tax, and seven have increased the motor fuel tax. Minnesota, Ohio, and Wisconsin have increased the sales tax to 5 percent, the highest rate in the midwest. Wisconsin also leads with a 25 cents per package cigarette tax, followed by Michigan with a 21 cents per package charge. Three states --Illinois, Kansas, and North Dakota-- have not raised any of these rates since 1979.

Percent changes from 1981 to 1982 in state government tax revenue range from 1.5 percent in Illinois to 18.2 percent in North Dakota, where a new oil extraction severance tax became effective January 1, 1981. Minnesota's revenues increased by 12.6 percent, primarily through a sales tax increase from 4 to 5 percent, effective July 1, 1981, and a motor fuel tax increase from 11 to 13 cents per gallon, effective June 1, 1981.

	State Government Tax Revenue					
	1982	1981	1980	Percent Change		Per Capita
States	(millions of dollars)			1981/82	1980/81	1982 Dollars
Illinois	7,429	7,323	7,073	1.5	3.5	650.15
Michigan	6,307	6,171	5,948	2.1	3.9	680.97
Ohio	5,819	5,241	4,767	11.0	9.9	538.94
Wisconsin	3,934	3,629	3,366	8.4	7.8	836.06
Minnesota	3,799	3,374	3,243	12.6	4.0	932.13
Indiana	3,064	2,809	2,696	9.1	4.2	558.04
Missouri	2,313	2,143	2,095	7.9	2.3	470.42
Iowa	1,997	1,836	1,747	8.8	5.1	685.30
Kansas	1,443	1,392	1,270	3.6	9.7	610.29
Nebraska	861	804	817	7.0	-1.6	548.11
North Dakota	533	451	372	18.2	21.2	815.67
South Dakota	329	298	271	10.4	10.1	475.81

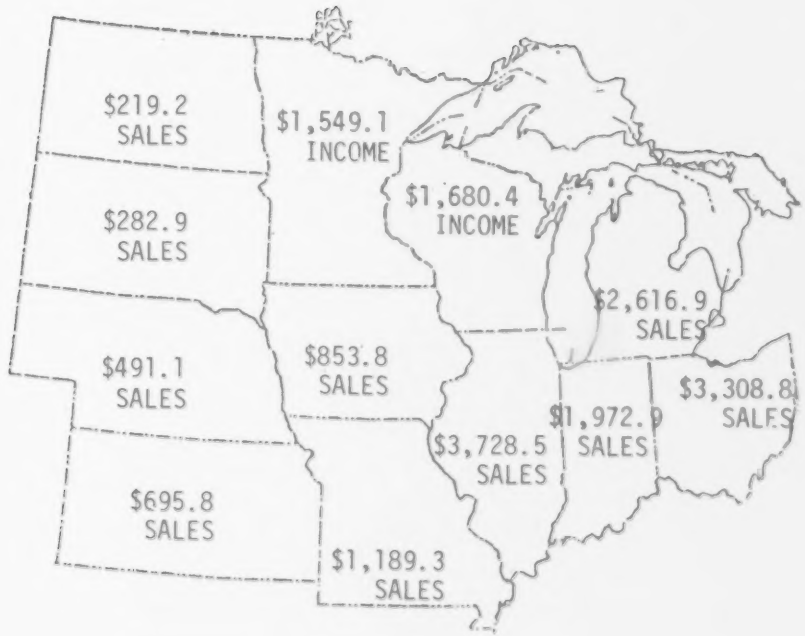
TABLE 1. STATE GOVERNMENT EXCISES ON GENERAL SALES, MOTOR FUEL, AND CIGARETTES AS OF SEPTEMBER 1, 1982

States	General Sales and Gross Receipts		Cigarette Taxes		Motor Fuel Taxes	
	Percentage Rate	Date of Change	Cents Per Package	Date of Change	Cents Per Gallon	Date of Change
Illinois*	4	10-01-69	12	8-01-69	7.5	8-01-69
Indiana	4	5-01-73	10.5	7-01-77	11.1	1-01-82
Iowa	3	10-01-67	18	7-01-81	13	9-01-81
Kansas*	3	5-01-65	11	7-01-70	8	7-01-76
Michigan	4	1-01-61	21	5-01-82	11	1-01-79
Minnesota	5	7-01-81	18	10-31-71	13	6-01-81
Missouri*	3.125	7-01-77	13	8-13-82	7	8-13-72
Nebraska*	3.5	5-01-82	18	5-01-82	13.7	4-01-82
North Dakota	3	1-01-77	12	7-01-79	8	7-01-77
Ohio*	5	11-24-81	14	11-15-81	11.7	3-01-82
South Dakota*	4	7-01-81	15	7-01-81	13	4-01-81
Wisconsin*	5	5-01-82	25	5-01-82	13	8-01-81

*State authorizes state collection of combined state and local sales taxes in those jurisdictions which impose supplemental local sales taxes under state enabling legislation.

BEST SOURCE OF STATE GOVERNMENT TAX REVENUE IN 1982
MIDWESTERN STATES

(Millions of Dollars)



BEST TAX SOURCE
AS A PERCENT OF
STATE TAX REVENUE

86.05% - SOUTH DAKOTA
64.40% - INDIANA
57.07% - NEBRASKA
56.86% - OHIO
51.42% - MISSOURI
50.19% - ILLINOIS
48.23% - KANSAS
42.76% - IOWA
42.71% - WISCONSIN
41.49% - MICHIGAN
41.16% - NORTH DAKOTA
40.77% - MINNESOTA

Two other states increased state tax revenue by more than 10 percent. Both Ohio with an 11 percent increase and South Dakota with a 10.4 percent increase raised the general sales tax, the cigarette tax, and the motor fuel tax.

The largest state government tax revenue is from the sales and gross receipts tax, except in Minnesota and Wisconsin where the individual income tax leads. South Dakota has no individual income tax and depends heavily on the sales tax, with over 86 percent of its revenue from this one source. In the other states, the largest tax source generates less than 65 percent of state tax revenue. These states depend less on one source.

All midwestern states collected sales taxes on motor fuels, alcoholic beverages, tobacco products, and insurance in 1982. Of these, motor fuel taxes generated the largest revenue, except in Illinois, where public utility service and sales taxes generated $595 million and exceeded motor fuel taxes by $364 million.

Ohio received over $494 million from public utility sales taxes, slightly less than motor fuel tax revenues of $527 million. Wisconsin raised $104 million in reverue and Minnesota $70 million from public utility taxes. Other Midwestern states raised under $4 million each while Indiana and Michigan had no public utility sales tax revenue.

The second largest revenue was from tobacco product taxes in five states --Indiana, Michigan, Minnesota, Nebraska, and Wisconsin. Insurance taxes were the second largest revenue source in Iowa, Kansas, Missouri, North Dakota, and South Dakota.

TABLE 2. STATE GOVERNMENT TAX REVENUE BY TYPE OF TAX IN 1982
MIDWESTERN STATES
(Thousands of Dollars)

States	Total	Sales and Gross Receipts	Licenses	Individual Income	Corporation Net Income	Property	Death and Gift	Severance	Documentary and Stock Transfer	Other
Illinois	7,429,268	3,728,482	469,299	2,222,143	714,196	133,356	158,245	NA	3,547	NA
Indiana	3,063,657	1,972,883	147,250	748,769	125,845	26,083	41,047	1,780	NA	NA
Iowa	1,996,971	853,848	193,276	720,883	147,115	NA	79,842	NA	2,007	NA
Kansas	1,442,737	695,803	107,825	459,822	122,549	24,170	31,555	1,013	NA	NA
Michigan	6,307,161	2,616,857	316,622	2,126,630	952,280	155,167	58,002	81,603	NA	NA
Minnesota	3,799,371	1,528,231	231,721	1,549,121	325,295	3,853	24,568	118,609	17,973	NA
Missouri	2,313,057	1,189,282	197,627	760,711	123,072	5,528	36,291	30	NA	516
Nebraska	860,527	491,082	73,623	226,560	48,498	3,025	10,360	6,010	1,369	NA
North Dakota	532,631	219,232	48,452	35,342	37,734	2,072	3,114	186,685	NA	NA
Ohio	5,819,461	3,308,846	506,838	1,243,618	548,091	158,978	49,057	4,033	NA	NA
South Dakota	328,785	282,915	27,395	NA	1,041	NA	8,135	9,299	NA	NA
Wisconsin	3,934,495	1,560,687	193,192	1,680,372	322,939	103,472	59,483	837	5,262	8,251

NA - Not applicable.

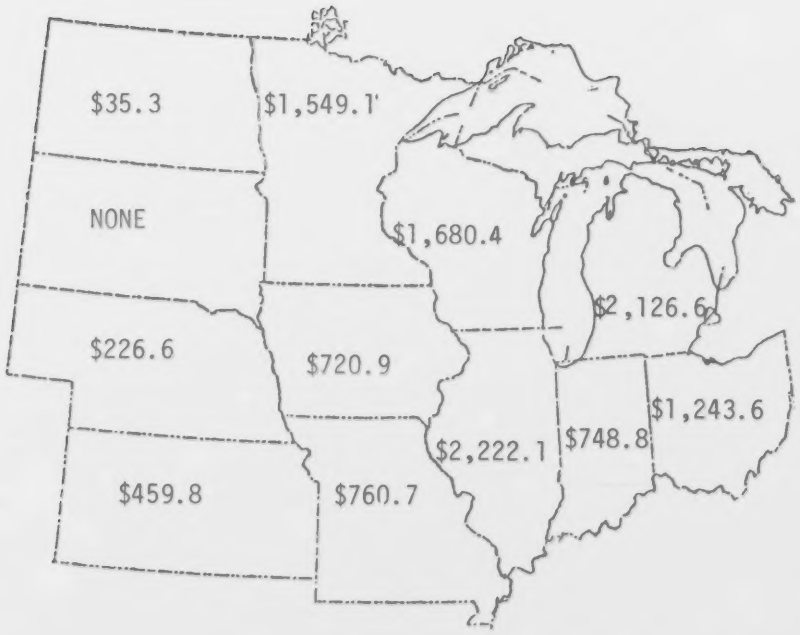
TABLE 3. PERCENT OF STATE GOVERNMENT TAX REVENUE BY TYPE OF TAX IN 1982
MIDWESTERN STATES

States	Sales and Gross Receipts	Licenses	Individual Income	Corporation Net Income	Property	Death and Gift	Severance	Documentary and Stock Transter	Other
Illinois	50.19%	6.32%	29.91%	9.61%	1.80%	2.13%	NA	.05%	NA
Indiana	64.40%	4.81%	24.44%	4.11%	.85%	1.34%	.06%	NA	NA
Iowa	42.76%	9.68%	36.10%	7.37%	NA	4.00%	NA	.10%	NA
Kansas	48.23%	7.47%	31.87%	8.49%	1.68%	2.19%	.07%	NA	NA
Michigan	41.49%	5.02%	33.72%	15.10%	2.46%	.92%	1.29%	NA	NA
Minnesota	40.22%	6.10%	40.77%	8.56%	.10%	.65%	3.12%	.47%	NA
Missouri	51.42%	8.54%	32.89%	5.32%	.24%	1.57%	*	NA	.02%
Nebraska	57.07%	8.56%	26.33%	5.64%	.35%	1.20%	.70%	.16%	NA
North Dakota	41.16%	9.10%	6.64%	7.08%	.39%	.58%	35.05%	NA	NA
Ohio	56.86%	8.71%	21.37%	9.42%	2.73%	.84%	.07%	NA	NA
South Dakota	86.05%	8.33%	NA	.32%	NA	2.47%	2.83%	NA	NA
Wisconsin	39.67%	4.91%	42.71%	8.21%	2.63%	1.51%	.02%	.13%	.21%

NA - Not applicable.
* - Less than .01%.

STATE GOVERNMENT INDIVIDUAL INCOME TAX REVENUES IN 1982
MIDWESTERN STATES

(Millions of Dollars)



INCOME TAX
AS A PERCENT OF
STATE TAX REVENUE

42.71% - WISCONSIN
40.77% - MINNESOTA
36.10% - IOWA
33.72% - MICHIGAN
32.89% - MISSOURI
31.87% - KANSAS
29.91% - ILLINOIS
26.33% - NEBRASKA
24.44% - INDIANA
21.37% - OHIO
6.64% - NORTH DAKOTA

For most of the states, individual income tax is the second largest source of revenue, generating from 6 percent to 42 percent of the state tax revenue. Wisconsin and Minnesota derive over 40 percent of total revenue from individual income taxes; four states --Iowa, Michigan, Missouri, and Kansas-- are in the 30 percent to 40 percent range; four states --Illinois, Nebraska, Indiana, and Ohio-- are in the 20 percent to 30 percent range; and North Dakota is at 6.64 percent.

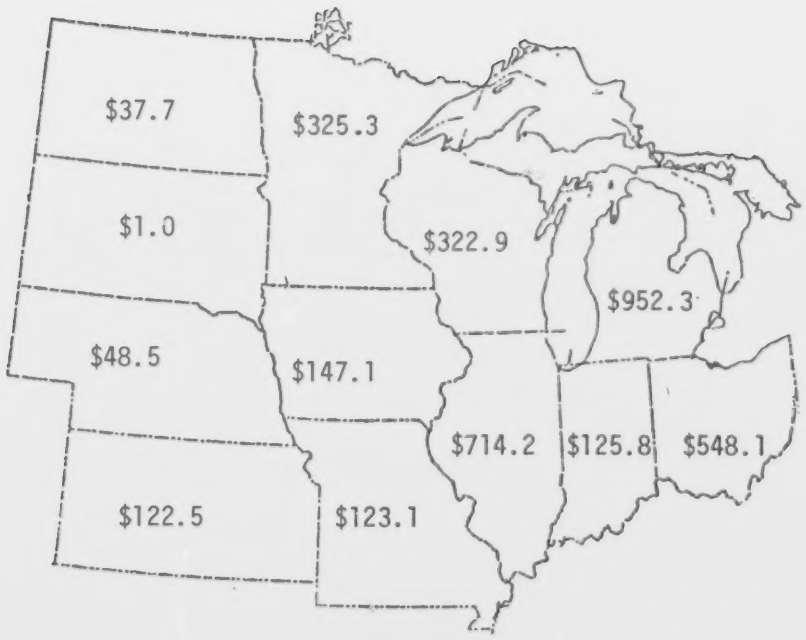
Corporation net income tax revenues were a small part of the total in 1982, accounting for .3 to 15 percent of state tax revenue with a high of 15.10 percent in Michigan and a low of .32 percent in South Dakota. In Illinois and North Dakota, this source declined in 1982 since rate decreases went into effect January 1, 1981. Only four states --Iowa, Michigan, Ohio, and Wisconsin-- showed an increase in corporation net income tax revenues in 1982.

Severance taxes are a major source of revenue only in North Dakota, which collected over $186 million in 1982--more than 35 percent of state tax revenue. Three other states derive more than 1 percent of tax revenue from severance taxes: Minnesota receives 3.12 percent; South Dakota receives 2.83 percent; Michigan receives 1.29 percent.

License tax revenues generate between 4 and 10 percent of total revenue in the midwest. All of the states collect license taxes for motor vehicles, which is the largest license tax revenue source. In addition, license taxes are charged for motor vehicle operators, corporations in general, alcoholic beverages, and hunting and fishing.

STATE GOVERNMENT CORPORATION NET INCOME TAX REVENUES IN 1982
MIDWESTERN STATES

(Millions of Dollars)

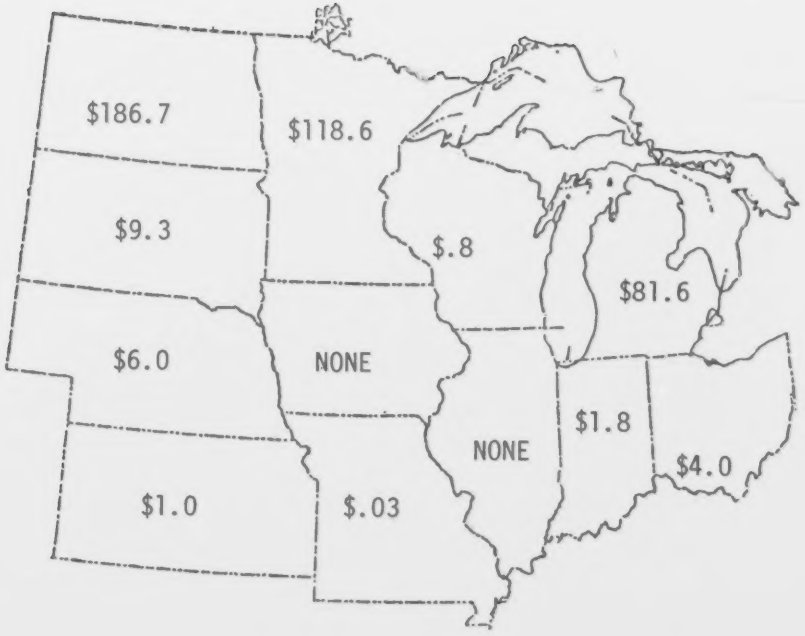


CORPORATION NET TAX
AS A PERCENT OF
STATE TAX REVENUE

15.10% - MICHIGAN
9.61% - ILLINOIS
9.42% - OHIO
8.56% - MINNESOTA
8.49% - KANSAS
8.21% - WISCONSIN
7.37% - IOWA
7.08% - NORTH DAKOTA
5.64% - NEBRASKA
5.32% - MISSOURI
4.11% - INDIANA
.32% - SOUTH DAKOTA

STATE GOVERNMENT SEVERANCE TAX REVENUES IN 1982
MIDWESTERN STATES

(Millions of Dollars)

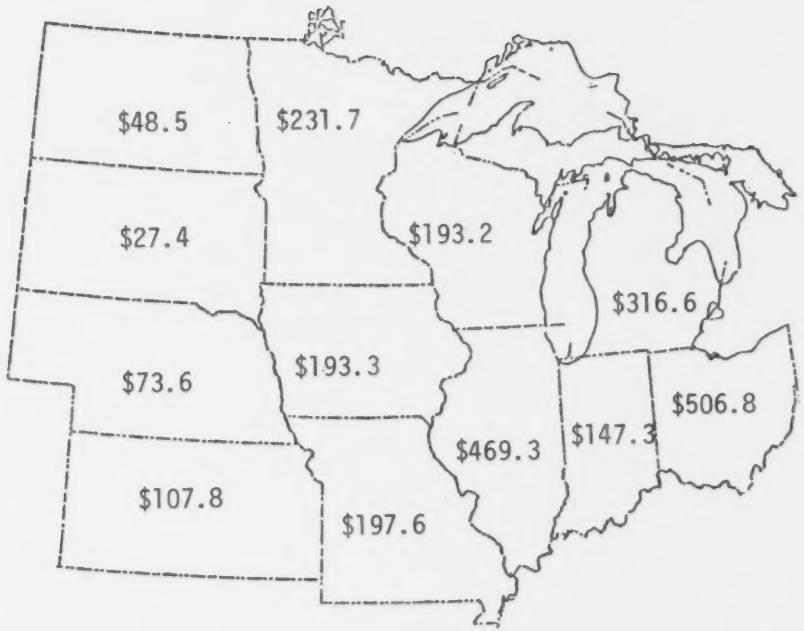


SEVERANCE TAX
AS A PERCENT OF
STATE TAX REVENUE

35.05% - NORTH DAKOTA
3.12% - MINNESOTA
2.83% - SOUTH DAKOTA
1.29% - MICHIGAN
.70% - NEBRASKA
.07% - KANSAS
.07% - OHIO
.06% - INDIANA
.02% - WISCONSIN
LESS THAN .01% - MISSOURI

STATE GOVERNMENT LICENSE TAX REVENUES IN 1982
MIDWESTERN STATES

(Millions of Dollars)



LICENSE TAX
AS A PERCENT OF
STATE TAX REVENUE

9.68% - IOWA
9.10% - NORTH DAKOTA
8.71% - OHIO
8.56% - NEBRASKA
8.54% - MISSOURI
8.33% - SOUTH DAKOTA
7.47% - KANSAS
6.32% - ILLINOIS
6.10% - MINNESOTA
5.02% - MICHIGAN
4.91% - WISCONSIN
4.81% - INDIANA

TABLE 4. SELECTED STATE GOVERNMENT LICENSE TAX REVENUE IN 1982
MIDWESTERN STATES
(Thousands of Dollars)

States	Motor Vehicle	Motor Vehicle Operators	Corporations in General	Public Utilities	Alcoholic Beverages	Hunting and Fishing
Illinois	336,907	38,850	41,433	NA	1,823	11,835
Indiana	110,192	*	3,052	280	8,794	7,785
Iowa	144,928	6,441	19,789	115	4,850	5,469
Kansas	70,530	3,811	7,644	1,011	1,096	6,510
Michigan	232,287	14,456	3,102	582	19,181	24,376
Minnesota	158,174	11,527	1,749	NA	496	16,819
Missouri	110,939	5,468	34,809	4,413	2,074	11,404
Nebraska	43,765	2,369	2,980	NA	173	5,881
North Dakota	28,625	1,022	767	285	223	2,283
Ohio	293,697	10,328	120,193	14,537	15,277	13,986
South Dakota	14,558	1,361	284	NA	120	5,414
Wisconsin	118,628	13,102	2,656	12	95	24,638

NA - Not applicable.
* - Included with motor vehicle license.

TABLE 5. SELECTED STATE GOVERNMENT SALES AND GROSS RECEIPTS TAXES IN 1982
MIDWESTERN STATES
(Thousands of Dollars)

States	General Sales	Motor Fuels	Alcoholic Beverages	Tobacco Products	Insurance	Public Utilities
Illinois	2,333,153	364,705	75,332	173,978	78,484	595,746
Indiana	1,510,453	286,066	34,387	85,405	56,467	NA
Iowa	523,397	180,037	16,399	61,070	71,410	1,264
Kansas	470,762	116,416	34,400	33,867	38,850	756
Michigan	1,843,651	421,922	96,304	135,257	96,617	NA
Minnesota	875,008	258,868	55,283	88,672	75,776	70,826
Missouri	839,003	193,579	25,022	60,979	69,868	831
Nebraska	288,517	125,715	13,873	25,431	22,866	841
North Dakota	146,935	34,711	6,021	9,724	10,215	3,988
Ohio	1,819,381	527,012	73,682	198,604	156,829	494,516
South Dakota	178,687	55,609	8,800	10,973	14,874	318
Wisconsin	961,068	285,706	47,173	114,231	47,477	104,479

NA - Not applicable.

State and Local Tax Collections in 1981

Responsibility for taxation and expenditure is divided differently between state and local governments in different midwestern states. Revenue collection at the state level is between 51 and 58 percent, except in Missouri and Nebraska, where the state collects slightly less than half of the general revenue, and in Minnesota, North Dakota, and Wisconsin, where the state collects over 60 percent.

States	1981 General Revenue in Millions $			State %
	Local	State	Total	of Total
Illinois	8,114.9	8,608.1	16,723.0	51.47
Indiana	2,688.4	3,638.5	6,327.0	57.50
Iowa	1,872.9	2,292.2	4,165.1	55.03
Kansas	1,620.4	1,731.0	3,351.4	51.65
Michigan	6,857.1	7,908.2	14,765.3	53.55
Minnesota	2,709.4	4,171.4	6,880.9	60.62
Missouri	2,617.1	2,605.9	5,223.0	49.89
Nebraska	1,194.8	1,068.2	2,263.1	47.20
North Dakota	348.7	819.0	1,167.6	70.14
Ohio	6,246.7	6,728.7	12,975.4	51.85
South Dakota	390.1	461.6	851.7	54.19
Wisconsin	2,900.8	4,380.1	7,280.9	60.15

Some sales taxes are collected locally in over half the midwestern states --Illinois, Kansas, Minnesota, Missouri, Nebraska, Ohio, and South Dakota. Property taxes are primarily local although every state except Iowa and South Dakota collects a small amount at the state level. Income taxes are collected only at the state level except in Indiana, Michigan, Missouri, and Ohio.

About 25 percent of state government general revenue is derived from federal funds although South Dakota receives over 36 percent. From .3 percent in Indiana to 2.1 percent in Michigan

TABLE 6. REVENUE OF STATE AND LOCAL GOVERNMENTS IN 1981
MIDWESTERN STATES
(Millions of Dollars)

States	General Sales Taxes		Property Taxes		Income Taxes	
	Local	State	Local	State	Local	State
Illinois	776.9	2,333.0	4,427.2	154.1	...	2,872.5
Indiana	...	1,361.3	1,663.0	29.9	52.9	797.8
Iowa	...	514.7	1,170.2	...	...	809.3
Kansas	33.1	449.2	895.4	20.6	...	565.4
Michigan	...	1,792.7	4,200.2	142.8	201.5	2,972.3
Minnesota	8.9	686.7	1,328.1	4.4	...	1,728.2
Missouri	266.8	787.2	1,087.9	5.1	122.2	798.0
Nebraska	43.7	281.2	648.7	3.1	...	255.3
North Dakota	...	129.5	186.2	2.5	...	103.5
Ohio	163.1	1,636.1	3,024.0	147.8	858.1	1,625.0
South Dakota	21.8	158.0	253.8	...	...	3.7
Wisconsin	...	901.5	1,743.1	92.2	...	1,910.5

TABLE 7. STATE GOVERNMENT GENERAL REVENUE BY SOURCE IN 1981
MIDWESTERN STATES
(Thousands of Dollars)

States	Total Dollars	Federal Revenue Dollars	%	Local Govt. Dollars	%	State Taxes Dollars	%	Charges & Misc. Dollars	%
Illinois	11,891,487	3,180,553	26.7	102,839	0.9	7,322,572	61.6	1,285,523	10.8
Indiana	4,880,168	1,228,630	25.2	13,010	0.3	2,808,811	57.6	829,717	17.0
Iowa	3,127,691	798,130	25.5	37,353	1.2	1,835,807	58.7	456,401	14.6
Kansas	2,374,160	628,009	26.5	15,167	0.6	1,392,277	58.6	338,707	14.3
Michigan	11,069,444	2,927,879	26.5	233,367	2.1	6,176,957	55.8	1,731,241	15.6
Minnesota	5,671,909	1,435,559	25.3	64,907	1.1	3,373,726	59.5	797,717	14.1
Missouri	3,793,961	1,175,687	31.0	12,417	0.3	2,142,913	56.5	462,944	12.2
Nebraska	1,488,481	392,823	26.4	27,450	1.8	803,960	54.0	264,248	17.8
North Dakota	1,080,093	243,427	22.5	17,711	1.6	450,755	41.7	368,200	34.1
Ohio	9,296,773	2,469,339	26.6	98,714	1.1	5,240,844	56.4	1,487,876	16.0
South Dakota	733,795	264,845	36.1	7,340	1.0	297,813	40.6	163,797	22.3
Wisconsin	6,036,485	1,616,972	26.8	39,429	0.7	3,629,459	60.1	750,625	12.4

comes from local government. State taxes generate between 54 to 62 percent of revenue, except in North Dakota and South Dakota, where about 40 percent of revenue is from state taxes. The remaining 10 to 23 percent of tax revenue is from charges and miscellaneous, except in North Dakota, where over 34 percent is from this source.

Revenues and Expenditures in 1981

North Dakota's per capita collection of $1,254 in 1981 in state government revenue was the highest among midwestern states. However, a large amount of this was actually severance tax collections. The second highest amount was in Minnesota --$1,023. Of this, $342 was paid in individual income tax, $315 was sales and gross receipts tax, $195 was charges and miscellaneous, $81 was corporate income tax, and $34 was motor vehicle taxes. At the state level only, Minnesota received $84.89 in taxes and $36.12 from the federal government per $1,000 of personal income earned in the state.

Minnesota's expenditures per $1,000 of personal income were $138.69, of which $51.33 was for education, $27.14 for public welfare, and $13.68 for highways.

A Missouri resident paid $529, the lowest per capita payment for state government tax collections in 1981, of which $229 was sales and gross receipts taxes, $136 was individual income taxes, and $22 was motor vehicle taxes. At the state level only, Missouri received $26.56 from the federal government and $48.40 in tax collections per $1,000 of personal income. Expenditures per

TABLE 8. PER CAPITA AMOUNTS OF FINANCIAL ITEMS FOR STATE GOVERNMENTS IN 1981
MIDWESTERN STATES

States	General Revenue Own Source	Sales and Gross Receipts		Individual Income		Corporation Net Income		Motor Vehicle Taxes		Property		Death and Gift		Charges and Misc.	
	Dollars	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Illinois	753	322	43%	178	24%	73	10%	30	4%	13	2%	12	2%	112	15%
Indiana	662	327	49%	117	18%	28	4%	19	3%	5	1%	7	1%	151	23%
Iowa	786	269	34%	231	29%	46	6%	49	6%	...	...	18	2%	156	20%
Kansas	732	282	39%	175	24%	63	9%	29	4%	8	1%	12	2%	143	20%
Michigan	853	280	33%	219	26%	101	12%	24	3%	15	2%	5	1%	186	22%
Minnesota	1,023	315	31%	342	33%	81	8%	34	3%	1	*	7	1%	195	19%
Missouri	529	229	43%	136	26%	26	5%	22	4%	1	*	5	1%	94	18%
Nebraska	680	296	44%	128	19%	34	5%	28	4%	1	*	2	*	168	25%
North Dakota	1,254	301	24%	95	8%	62	5%	38	3%	3	*	3	*	564	45%
Ohio	623	272	44%	105	17%	45	7%	30	5%	13	2%	3	*	137	22%
South Dakota	668	367	55%	...	...	5	1%	23	3%	...	...	10	1%	237	35%
Wisconsin	930	293	32%	351	38%	54	6%	25	3%	19	2%	11	1%	159	17%
United States	829	322	39%	181	22%	62	7%	23	3%	13	2%	9	1%	166	20%

Note: Total includes items not listed separately.
*Less than 1%.

TABLE 9. STATE GENERAL REVENUE PER $1,000 OF PERSONAL INCOME IN 1981
MIDWESTERN STATES

States	Grand Total*	Revenue from Federal Government	Total Taxes*	Sales or Gross Receipts Taxes	Individual Income Taxes	Charges and Miscellaneous
Illinois	$98.74	$26.41	$60.80	$19.37	$16.92	$10.67
Indiana	$99.24	$24.98	$57.12	$27.68	$13.07	$16.87
Iowa	$114.45	$29.21	$67.18	$18.84	$24.64	$16.70
Kansas	$100.40	$26.56	$58.88	$19.00	$17.55	$14.32
Michigan	$119.88	$31.71	$66.89	$19.41	$21.97	$18.75
Minnesota	$142.71	$36.12	$84.89	$17.28	$35.14	$20.07
Missouri	$85.69	$26.56	$48.40	$17.78	$15.13	$10.46
Nebraska	$101.00	$26.65	$54.55	$19.08	$13.65	$17.93
North Dakota	$188.73	$42.53	$78.76	$22.63	$10.91	$64.34
Ohio	$90.78	$24.11	$51.18	$15.98	$11.08	$14.53
South Dakota	$135.69	$48.97	$55.07	$29.22	...	$30.29
Wisconsin	$136.90	$36.67	$82.31	$20.44	$37.53	$17.02
50-State Average	$119.78	$31.49	$69.48	$21.53	$18.97	$17.46

*Includes amounts for categories not shown separately.

TABLE 10. STATE GENERAL EXPENDITURE PER $1,000 OF PERSONAL INCOME IN 1981
MIDWESTERN STATES

States	Grand Total*	Total Education*	Intergovernmental Education	State Institutions of Higher Education	Public Welfare	Highways
Illinois	$97.78	$35.79	$22.75	$10.00	$23.32	$12.01
Indiana	$101.07	$45.54	$22.84	$19.60	$13.89	$12.03
Iowa	$117.47	$51.78	$30.54	$18.52	$19.95	$16.78
Kansas	$100.52	$42.75	$23.10	$17.50	$18.04	$16.35
Michigan	$119.05	$41.52	$21.46	$16.36	$32.83	$9.62
Minnesota	$138.69	$51.33	$29.47	$19.18	$27.14	$13.68
Missouri	$90.49	$35.57	$21.44	$12.37	$18.04	$11.53
Nebraska	$101.42	$33.65	$12.95	$17.79	$14.28	$17.32
North Dakota	$164.82	$62.90	$30.41	$28.75	$19.07	$24.39
Ohio	$96.57	$37.85	$21.58	$14.93	$20.51	$9.31
South Dakota	$148.20	$41.34	$16.73	$21.68	$20.55	$27.74
Wisconsin	$138.18	$45.83	$23.42	$19.33	$34.58	$11.16
50-State Average	$117.69	$44.97	$26.57	$14.61	$23.88	$11.80

*Includes amounts for categories not shown separately.

TABLE 11. PERCENT CHANGE IN FINANCIAL ITEMS FOR STATE GOVERNMENTS FROM 1980 TO 1981
MIDWESTERN STATES

States	Total General Revenue	Federal Funds	Own Source General Revenue	Sales and Gross Receipts	Individual Income	Corporation Net Income	Motor Vehicle Licenses	Charges and Misc.
Illinois	7.7%	15.1%	5.3%	0.2%	7.2%	4.6%	-0.4%	16.6%
Indiana	12.9%	39.2%	6.3%	2.0%	15.5%	-13.6%	9.4%	13.9%
Iowa	5.7%	7.3%	5.3%	0.9%	11.8%	-1.9%	8.6%	6.3%
Kansas	9.8%	8.8%	10.0%	5.3%	23.5%	0.6%	-0.3%	11.3%
Michigan	7.7%	7.3%	6.0%	1.7%	5.8%	3.6%	-9.7%	14.4%
Minnesota	8.0%	17.4%	4.8%	5.8%	10.6%	-13.0%	5.4%	2.8%
Missouri	3.4%	1.8%	3.6%	-1.7%	11.0%	-5.0%	1.4%	10.3%
Nebraska	4.9%	8.8%	3.7%	4.2%	-14.7%	-6.0%	4.3%	23.9%
North Dakota	19.1%	5.3%	24.0%	2.5%	17.0%	12.9%	-1.8%	27.6%
Ohio	13.0%	14.5%	12.2%	10.6%	9.1%	-5.2%	56.2%	21.1%
South Dakota	4.3%	1.1%	6.4%	9.1%	...	11.8%	3.2%	0.4%
Wisconsin	7.9%	8.4%	7.8%	5.7%	15.7%	-17.9%	21.8%	7.7%
United States	10.5%	9.7%	10.7%	7.2%	10.3%	6.2%	6.7%	16.9%

$1,000 of personal income at the state level were $90.49, of which $35.57 was for education, $18.04 for public welfare, and $11.53 for highways. Tables 8, 9, and 10 present this data for all of the states in the midwestern region.

From 1980 to 1981, revenues from sales and gross receipt taxes increased from .2 percent in Illinois to 10.6 percent in Ohio. Only in Missouri was there a decline of 1.7 percent. Both own source general revenue, and federal funds increased in all the midwestern states from 1980 to 1981. Individual income tax revenues increased except in Nebraska. Seven states --Indiana, Iowa, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin-- show a decrease in corporation net income taxes from 1980 to 1981.

Five Year Trends from 1977 through 1981

Tax revenues of state and local government from 1977 through 1981 increased when measured by total tax collections per capita. The United States average increased by 32.71 percent from $813 in 1977 to $1,079 in 1981. North Dakota had the largest percent change of 44.64 from $681 to $985 in per capita tax collections. Missouri had the lowest per capita tax collection in both 1977 and 1981 while Minnesota had the highest in each of these years. In 1981, Missouri collected $789 and Minnesota $1,169.

General sales tax, income tax, and property tax have also increased from 1977 through 1981. South Dakota's general sales tax has increased by a high of 61.40 percent while North Dakota had the lowest increase of 17.51 percent. Amounts collected in 1981 ranged from a low in North Dakota of $129.5 million to a

TABLE 12. TOTAL STATE AND LOCAL TAX COLLECTIONS PER CAPITA
MIDWESTERN STATES

States	1977	1978	1979	1980	1981
Illinois	$860	$916	$998	$1,083	$1,164
Indiana	$652	$706	$749	$743	$826
Iowa	$748	$794	$893	$967	$1,039
Kansas	$727	$797	$878	$926	$1,003
Michigan	$878	$958	$1,049	$1,075	$1,153
Minnesota	$906	$1,001	$1,096	$1,124	$1,169
Missouri	$608	$653	$725	$759	$789
Nebraska	$773	$814	$895	$963	$973
North Dakota	$681	$721	$757	$846	$985
Ohio	$640	$700	$768	$810	$872
South Dakota	$629	$682	$740	$788	$849
Wisconsin	$870	$970	$1,021	$1,061	$1,147
United States Average	$813	$888	$933	$986	$1,079

TABLE 13. GENERAL SALES TAX REVENUES OF STATE AND LOCAL GOVERNMENT
MIDWESTERN STATES
(Millions of Dollars)

States	1977	1978	1979	1980	1981
Illinois	2,240.8	2,454.2	2,672.9	2,912.0	3,109.9
Indiana	1,045.6	1,120.7	1,310.3	1,331.6	1,361.3
Iowa	346.8	376.2	405.7	502.1	514.7
Kansas	339.3	364.8	420.0	443.7	482.3
Michigan	1,407.0	1,586.9	1,702.7	1,706.7	1,792.7
Minnesota	469.6	540.8	613.0	653.7	695.6
Missouri	728.2	847.7	978.8	1,024.1	1,054.0
Nebraska	221.1	265.8	284.8	316.8	324.9
North Dakota	110.2	97.5	109.0	124.0	129.5
Ohio	1,203.3	1,420.1	1,568.1	1,595.9	1,799.2
South Dakota	111.4	128.0	146.8	166.2	179.8
Wisconsin	667.9	762.2	819.7	853.9	901.5

TABLE 14. INCOME TAX REVENUES OF STATE AND LOCAL GOVERNMENT
MIDWESTERN STATES
(Millions of Dollars)

States	1977	1978	1979	1980	1981
Illinois	1,797.8	1,969.8	2,232.3	2,698.6	2,872.5
Indiana	600.6	771.0	770.6	789.6	850.7
Iowa	539.3	599.2	689.0	740.9	809.3
Kansas	331.9	369.7	438.9	485.6	565.4
Michigan	2,442.5	2,824.1	3,155.9	3,040.0	3,173.9
Minnesota	1,215.0	1,367.4	1,612.7	1,643.9	1,728.2
Missouri	581.4	643.4	766.9	849.7	920.2
Nebraska	212.5	220.5	258.5	293.4	255.3
North Dakota	76.8	90.1	78.1	89.7	103.5
Ohio	1,483.9	1,863.1	2,076.1	2,361.5	2,483.2
South Dakota	2.5	3.0	2.9	3.3	3.7
Wisconsin	1,395.7	1,609.7	1,702.8	1,741.8	1,910.5

TABLE 15. PROPERTY TAX REVENUES OF STATE AND LOCAL GOVERNMENT
MIDWESTERN STATES
(Millions of Dollars)

States	1977	1978	1979	1980	1981
Illinois	3,576.5	3,658.3	3,925.0	4,191.5	4,581.3
Indiana	1,293.6	1,315.1	1,333.0	1,348.9	1,692.9
Iowa	837.2	878.6	983.5	1,048.3	1,170.2
Kansas	696.0	785.3	846.7	863.8	916.0
Michigan	3,029.8	3,138.8	3,460.6	3,832.5	4,343.0
Minnesota	1,077.3	1,205.8	1,263.0	1,321.7	1,332.5
Missouri	927.1	948.1	998.8	1,058.1	1,093.1
Nebraska	557.0	547.2	612.1	629.0	651.8
North Dakota	146.1	156.4	168.9	175.6	188.7
Ohio	2,668.6	2,652.5	2,792.6	3,034.3	3,171.8
South Dakota	211.4	222.4	236.1	242.0	253.8
Wisconsin	1,389.5	1,525.2	1,632.9	1,696.3	1,835.3

TABLE 16. TOTAL STATE AND LOCAL TAX COLLECTIONS PER $1,000 OF PERSONAL INCOME
MIDWESTERN STATES

States	1977	1978	1979	1980	1981
Illinois	$117.26	$118.03	$111.99	$112.47	$110.48
Indiana	$105.41	$102.95	$97.67	$88.23	$92.32
Iowa	$120.25	$116.17	$111.95	$110.69	$110.82
Kansas	$113.24	$112.88	$112.43	$100.05	$100.30
Michigan	$130.39	$126.68	$123.98	$115.01	$115.68
Minnesota	$146.92	$141.64	$140.40	$127.41	$119.95
Missouri	$102.60	$99.36	$99.41	$93.00	$87.72
Nebraska	$127.84	$121.47	$118.79	$110.65	$103.74
North Dakota	$118.36	$116.30	$106.37	$102.25	$112.40
Ohio	$100.04	$99.33	$97.67	$93.54	$92.03
South Dakota	$123.47	$114.80	$107.75	$105.92	$108.55
Wisconsin	$143.61	$141.62	$136.80	$124.71	$122.44
United States	$128.05	$127.53	$120.29	$115.74	$113.05

high of $3,109.9 million in Illinois. Increased income tax revenues from 1977 through 1981 ranged from 20.14 percent in Nebraska to 70.35 percent in Kansas. Nebraska also had the lowest percent change of 17.01 in property tax revenues while the highest was 43.34 percent in Michigan.

Total tax collections from 1977 through 1981 per $1,000 of personal income declined. The United States average decreased from $128.05 to $113.05 by 11.71 percent. Wisconsin had the highest collections in both 1977 and 1981 while the lowest collections were in Ohio in 1977 and in Missouri in 1981. North Dakota had the lowest decline of 5.04 percent while Nebraska was highest at 18.85 percent.

In most of the states, while general sales taxes and income taxes showed the greatest percent change from 1977 through 1981 when combined state and local revenues are considered, property taxes were the largest revenue source, although the percent change from 1977 through 1981 was less.

	Property Taxes		General Sales Taxes		Income Taxes	
States	1981 $ in Millions	% Change 1977/81	1981 $ in Millions	% Change 1977/81	1981 $ in Millions	% Change 1977/81
Illinois	4,581.3	28.09	3,109.9	38.78	2,872.5	59.77
Michigan	4,343.0	43.34	1,792.7	27.41	3,173.9	29.94
Ohio	3,171.8	18.85	1,799.2	49.52	2,483.2	67.34
Wisconsin	1,835.3	32.08	901.5	34.97	1,910.5	36.88
Indiana	1,692.9	30.86	1,361.3	30.19	850.7	41.64
Minnesota	1,332.5	23.68	695.6	48.12	1,728.2	42.23
Iowa	1,170.2	39.77	514.7	48.41	809.3	50.06
Missouri	1,093.1	17.90	1,054.0	44.74	920.2	58.27
Kansas	916.0	31.60	482.3	42.14	565.4	70.35
Nebraska	651.8	17.01	324.9	46.94	255.3	20.14
South Dakota	253.8	20.05	179.8	61.40	3.7	48.00
North Dakota	188.7	29.15	129.5	17.51	103.5	34.76

TABLE 17. TOTAL GENERAL REVENUE INCLUDING FEDERAL FUNDS
MIDWESTERN STATES
(Millions of Dollars)

States	1977	1978	1979	1980	1981
Illinois	14,360.5	15,298.9	17,085.7	19,347.3	21,395.0
Indiana	5,525.7	6,095.5	6,653.2	6,875.5	7,953.5
Iowa	3,559.9	3,842.5	4,244.3	4,746.7	5,159.9
Kansas	2,775.2	3,071.0	3,441.0	3,735.9	4,138.1
Michigan	13,184.9	14,481.8	16,110.0	17,483.6	18,859.1
Minnesota	5,951.6	6,593.3	7,327.6	8,035.6	8,714.8
Missouri	4,870.3	5,329.5	5,906.0	6,588.1	6,903.7
Nebraska	1,977.8	2,155.1	2,405.0	2,626.7	2,775.8
North Dakota	923.5	985.9	1,048.7	1,249.4	1,456.9
Ohio	11,290.1	12,509.0	13,902.4	14,959.3	16,461.4
South Dakota	820.4	905.1	981.5	1,106.7	1,180.0
Wisconsin	6,327.4	7,144.9	7,926.7	8,510.5	9,266.6
United States	285,796.5	315,960.0	343,278.4	382,321.6	423,403.7

TABLE 18. TOTAL GENERAL REVENUE FROM OWN SOURCES
MIDWESTERN STATES
(Millions of Dollars)

States	1977	1978	1979	1980	1981
Illinois	11,544.4	12,394.2	13,620.9	15,312.4	16,723.0
Indiana	4,521.8	4,959.2	5,395.6	5,661.8	6,327.0
Iowa	2,843.0	3,052.6	3,445.1	3,831.1	4,165.1
Kansas	2,229.0	2,508.1	2,800.4	3,000.5	3,351.4
Michigan	10,343.9	11,350.5	12,710.3	13,586.3	14,765.3
Minnesota	4,715.3	5,289.4	5,900.3	6,450.6	6,880.9
Missouri	3,703.5	4,004.4	4,528.8	4,932.5	5,223.0
Nebraska	1,617.9	1,744.0	1,967.2	2,154.7	2,263.1
North Dakota	684.6	739.7	806.2	970.0	1,167.6
Ohio	9,029.2	9,914.5	10,940.7	11,878.1	12,975.4
South Dakota	601.5	654.3	713.0	790.9	851.7
Wisconsin	5,077.2	5,711.6	6,322.8	6,727.5	7,280.9
United States	223,221.3	246,367.6	268,114.6	299,293.0	333,109.3

Conclusion

While revenues have increased from 1977 through 1982, the increases have not kept pace with inflation and the greater need for social services brought about by the recession. Deciding on the balance between increases in taxation and decreases in expenditures for education, public welfare, and highways is difficult.

Property taxes generated the highest state and local revenues in 1981, except in Wisconsin and Minnesota, where income taxes brought in more money than property taxes. In 1982, at the state level only, the highest revenue came from sales taxes, except in Wisconsin and Minnesota where income taxes led.

Four states --North Dakota, Minnesota, Ohio, and South Dakota-- had an increase in state government tax revenue of over 10 percent from 1981 to 1982. North Dakota imposed a new oil extraction severance tax or January 1, 1981. Both Ohio and South Dakota raised the tax rates of sales, cigarettes, and motor fuels. Minnesota raised sales and motor fuel taxes.

Dependency on sales taxes as a major revenue source has meant increases in tax rates on sales and gross receipts, cigarettes, and motor fuels. As long as consumer spending does not decline, these increases will generate higher revenues.

Adding to the complexity of the problem is the need to estimate federal funding, which may be a quarter of state revenue. In addition, in most of the states, about half of the general revenue is collected and spent at the local level.

Changes in collection policies and improved cash management have provided some relief in conjunction with raising taxes, cutting budgets, and reducing the size of the state work force.

• This report was prepared by Cheryl Peck, a research associate with The Council of State Governments.

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